Maria C. Andrade-Stern

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April 19,2002

Mr. Carlton Bennett
Regional Contracting Officer
United States Agency for International
Development/Caucasus
20 Telavi Street
Tbilisi, 380003, Georgia

RE: Contract No. EEU-I-00-99-00015-00, TO No. 807

UI Project 06901-008, Armenia Local Government Program

Quarterly Task Order Progress and Cost Report, January to March 2002

Dear Mr. Bennett:

Please find enclosed the *Quarterly Task Order Progress and Cost Report, January to March* 2002, *for the Armenia Local Government Program.* This report is required by Sections F.5 and F.6 of our Local Government Assistance Initiative Indefinite Quantity Contract.

Please direct any technical questions to Mr. Sam Coxson, CoP, UI/Yerevan at 011-3741-580-739 or slcoxson@yahoo.com,Questions of a contractual nature should be addressed to me at (202) 261-5396.

Sincerely,

Maria C. Andrade-Stern

Enclosures

cc: Bella Markarian (CTO USAID/Armenia) Mike Keshishian (CTOMI, USAID/W)

Carol Rabenhorst (IAC/W)

Maria a. Stern

Sam Coxson (UI/Yerevan/Armenia)
USAID Development Clearinghouse
IAC Deliverables File (06901-008)

IAC Chron File

QUARTERLY TASK ORDER PROGRESS AND COST REPORT

ARMENIA LOCAL GOVERNMENT PROGRAM

JANUARY TO MARCH 2002

Prepared for



Armenia Local Government Program
United States Agency for International Development
Contract No. EEU-I-00-99-00015-00, Task Order No. 807

Prepared by

Sam Coxson The *Urban Institute*



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March 2002 UI Project 06901-008

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QUARTERLY TASK ORDER PROGRESS AND COST REPORT

JANUARY TO MARCH 2002

ARMENIA LOCAL GOVERNMENT PROGRAM

Task Order No.: EEU-I-00-99-00015-00, Task Order No. 807

Date of Issuance: January 18,2000

Task Order Description

In January 2000, the United States Agency for International Development (USAID) contracted the Urban Institute (UI) to implement a three-year local government project in Armenia. The project provides training and technical assistance (TA) designed to increase local government accountability, accessibility and responsiveness to citizens and to provide more effective and transparent management systems for local governments. The main components of the project are:

- Legal Reform and Local Government Association Development
- Service Delivery Improvement in Municipalities
- Citizen Participation in Local Government Affairs

Amount Obligated Under Task Order: \$2,800,000

Total Potential Task Order Amount: \$4,205,721

Dollars Expended To-date: \$2,684,412

Progress of Major Activities

This section of the quarterly report presents the major activities accomplished during the first quarter of 2002.

Major Highlight—Capital Improvement Planning With Citizen Participation

During the third quarter of 2001, USAID agreed to make funding available for capital projects in each of the nine pilot cities of the local government program. The grant funds made available were sufficient to allot approximately \$60,000 for each pilot city with enough money left over to have competition for a tenth project. The strategy was to combine a tangible project with a series of citizen participation activities. The positive reinforcement of the citizen participation with that of a tangible project produced a very positive response by the citizens in each city.

Neighborhood Identification

The process of selecting a project for each city began with the establishment of a participatory urban assessment (PUA). Each city hall was consulted to establish neighborhood boundaries (generally coincident with old raion boundaries). This neighborhood unit then was targeted with the PUA. The PUA is a semi-structured interview that allows for a portion of the interview to **be** citizen statement rather than responding to set questions. The final product of the PUA is a listing of issues and problems for each neighborhood.

Establishment of the Community Action Groups

The next step in the citizen participation process was to hold a neighborhood-wide meeting. At this meeting representatives from the neighborhood were selected by those attending to represent the neighborhood. Additionally, at this neighborhood-wide meeting the results of the PUA were discussed and the issues and problems prioritized. From the representatives of the neighborhood, referred to as the community action group (CAG), one representative was selected to represent the neighborhood on a coordinating committee and work with city hall as appropriate.

Coordinating Committee-Link With City Hall

The coordinating committee, made up of one representative from each CAG (the pilot cities averaged 6 to 8 CAGs, but the largest cities have as many as 15), was appointed by the Mayor to: 1) select one capital project to propose for the allotted \$60,000 funding, and 2) to work with city hall in the development of a longer-term capital improvement plan to be adopted by the community council.

From Capital Project to Capital Improvement Plan

During the fourth quarter of 2001 and the first quarter of 2002, the PUA and CAG processes were carried out resulting in the selection of nine capital projects for funding. Additionally, a tenth project was competed based on criteria of implementation of capital improvement plan principles, proposal writing, budgeting for project sustainability and citizen participation and transparency of the processes. The tenth project was also awarded.

The second phase of the capital improvement planning process, that of capital improvement plan development, was also completed. Building on the PUA-CAG citizen participation experience, the city halls also used the coordinating committees to address long-term, municipal capital planning. Each of the nine pilot cities \mathbf{d} the local government program has adopted a long-term capital improvement plan.

Lessons Learned

Citizen participation is a process that should be demonstrated and taught. The capital improvement plan and process described above is one of many techniques to train citizens in local government decision-making involvement. The overall process was very successful with 86 neighborhoods identified and actively

participating. These neighborhoods represented approximately 10,000 citizens actively involved in the PUA and CAG and coordinating committee activities.

Key Deliverables

Revised 2002 Implementation Plan

In the last quarterly report the delay of passage of the local self-government law amendments was described. The law still has not been passed, though there is a conference committee working on its amendments for the final reading. As a result of this delay, the local government program (LGP) has developed an alternative strategy and implementation plan.

The current LGP implementation plan has the same generic shell as the original plan reviewed in December of 2001. However, given the fact that there are two major pieces of legislation that have not yet been passed by the National Assembly, more emphasis is placed on: 1) deepening the capacity levels of the pilot cities, 2) including the training and deepening process to the districts of Yerevan, and 3) addressing project and Ministerial local government topics that can be undertaken and completed within the timeframe of the LGP contract.

Quarterly Activity Summary

Input by USAID

USAID held monthly meetings with LGP and discussed the 2002 implementation plan as well
as the potential for working on a specific request by the Ministry of Territorial Administration.

• Legislative Decentralization

- Conference committee continued to review and discuss amendments to the draft law on local self-government, estimated date of second and final reading is April 2002.
- Law on Apartment Management has gone to the National Assembly for scheduling of its first hearing. Anticipated hearing date is April/May of 2002.
- The working group continued to develop a guide that would explain the Apartment Management Law and options for apartment owners who elect not to form condominiums.
- Working group continued to develop maintenance and safety regulations that will accompany the Apartment Management Law.

Service Delivery Improvement and Local Government Management Enhancement

 Technical assistance on data entry of land and property listing and citizen registry continued in the Districts of Yerevan.

- Districts continued the asset inventory as part of the asset management program.
- Districts continued to load last year's budget as well as this year's recently passed budgets.
- Technical assistance to districts on non-budget programs of the management information system was provided.
- Capital Improvement Plans were developed with citizen participation and adopted by the pilot city community councils.
- Revision of the compendium of the laws of Armenia was being developed as a result of litigation concerning the data that was provided to LGP contractor, new database will be completed and tested by end of quarter.
- The manual for local government management is in its second revision. Added to the manual will **be** a chapter on strategic planning, which will include performance measurement criteria and human resources subchapters.

• Citizen Participation in Local Government Affairs

- Citizen participation in the nine pilot city capital improvement projects has led to better prioritization of projects and an effort to provide local jobs related to the capital projects.
- Registration of condominium associations in the Earthquake Zone Cities of Gyumri, Vanadzor and Alaverdi was carried out. Forty new condominium associations have been registered in those cities. However, there needs to be greater coordination with the Earthquake Zone Cities, LGP and the Earthquake Zone Project to ensure those condominium associations established are eligible for the housing improvement grants.

Significant Findings and Delays

Delays

A delay has been encountered in the Local Self-Government Law (LSG). The delay has been a result of the focus on possible Constitutional amendments and the intense political attention that the amendments entail. Hence, we are anticipating the second and final reading of the Local Self-Government Law in the next quarter (April 2002).

LGP has modified the planned implementation of activities related to the LSG law to account for the delay in the next section of this report.

Work Planned for the Next Reporting Period

The local government program has presented a revised 2002 Implementation Plan to USAID. This plan takes into account the legislative delays as well as the possibility of addressing some Ministerial concerns.

Component1—Legal Reform and Decentralization

Phase 1:

- Continued support for the passage of the Local Self-Government Law amendments
- Continued support for the passage of the Apartment Management Law and related regulations
- Work with working group to develop a guide to the Apartment Management Law (explains the law)
- Work with the Apartment Management working group to develop maintenance and safety regulations

Phase 2:

- Should the Local Self-Government Law pass, LGP would initiate a Baseline Study and Organizational Structure Review for the establishment of Inter-community unions
- Should the Apartment Management Law pass, LGP would initiate a series of training seminars to introduce the law and to explain the maintenance and safety regulations
- LGP will continue condominium management training and assist in the establishment of condominium associations

Component2—Service Delivery Improvements and Local Government Management Enhancement

Phase 1:

- Budget Modifications (revenue projections and CIP)
- PUA and CAG Process for Yerevan Districts —Establishment of a coordination committee for CIP adoption
- Asset Management Property Disposition Pilot for Yerevan Districts
- Budget/Performance measurement integration pilot for one pilot city

- Community based economic development strategy for one pilot city
- Community based economic development strategy for one Yerevan District
- Budget Policy and Practice Training for the nine pilot cities

Phase 2: (After Discussion with the Ministry of Territorial Administration)

Zoning or land use related legislation—Possibly a pilot of the "Gateway" area of Gyumri

Component3—Citizen Participation in Local GovernmentalAffairs

- Completion of a third household study to provide for project impact information and year-onyear comparison
- Workshop on Surveying and Polling Methodology and Practice
- Public Hearings on the Budget in the nine pilot cities and 12 Yerevan districts
- Establishment of Information Centers in three pilot Yerevan Districts

Specific Action Requested

Support is required from the donor organizations to strengthen the information flow between State Agencies (Cadastre, Treasury and Tax Inspectorate) and project pilot cities and Yerevan Districts.

Project Local Sub-Consultant Work

The following Scopes of Work were prepared:

- Consultant training for construction contract management for HIG grantees and Association Management of Building 155, Yerevanian St., Gyumri
- Remedial basic computer training for city staff in Alaverdi
- Technical computer assistance and MIS upgrading in the nine pilot cities and 12 Yerevan Districts
- Technical hardware and budget assistance in the nine pilot cities and 12 Yerevan districts

The following contracts were completed:

 Consultant training for construction contract management for HIG grantees and Association Management of Building 155, Yerevanian St., Gyumri Consultants to collect data for LGP Performance Plan

Meetings

USAID monthly meetings

Detailed meeting lists can be obtained on a monthly basis upon request

Staff Travel and Leave

- Samuel Coxson attended a USAID sponsored Workshop in Zagreb, Croatia
- Advisors visited Yerevan districts on a monthly basis
- Advisors visited the nine pilot cities on a monthly basis

Expatriate Visits

- Ms. Carol Rabenhorst (Legal Specialist, UI Washington)
- Ms. Jaroslava Zapletalova (Condominium Specialist Housing Architect/Engineer)

Appointments

- Mr. Samuel Coxson appointed Chief of Party to replace Mr. Malcolm Simpson
- Mr. Marian Szmanowicz as Resident Advisor, to replace Mr. Coxson

Departures

— None

Key Personnel

Mr. Sam Coxson, CoP, UI/Armenia, slcoxson8yahoo.com (011-3741-580-739) and Ms. Carol Rabenhorst, UI/DC (202) 261-5767, crabenh@ui.urban.org